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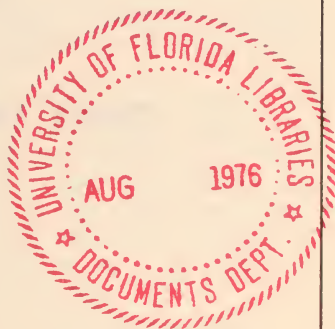
RECESSION'S CONTINUING VICTIM:
THE OLDER WORKER

A WORKING PAPER

PREPARED FOR USE BY THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE



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Prepared by Marc Rosenblum, Ph. D., Consultant

PREFACE

Our Nation is now recovering from possibly the worst recession in nearly 40 years. But the economic upturn has produced few concrete improvements for middle-aged and older workers. In some key employment areas, their situation has deteriorated markedly.

To obtain in-depth information about the impact of the recession on mature workers, the committee has called upon Dr. Marc Rosenblum, a labor economist, to prepare this working paper. He has responded with a powerful document which provides a fresh new perspective about the problems confronting middle-aged and older workers. It clearly merits the close and serious attention of the Congress and the executive branch.

Dr. Rosenblum's well-documented findings provide clear and convincing evidence that our Nation has failed to develop a comprehensive policy to provide adequate job opportunities for middle-aged and older workers. This deficiency should be cause for serious concern among policymakers. No nation can achieve its full potential if large numbers of its most experienced and productive citizens are banished to the sidelines.

Under almost any employment barometer one uses, older workers have not benefited appreciably during the economic recovery. Quite to the contrary, unemployment has actually increased among persons aged 55 or older since the United States bottomed out of the trough of the recession during the first quarter in 1975. In sharp contrast, joblessness for persons under 55 decreased by 400,000 from the first quarter in 1975 to the first quarter in 1976.

Labor force participation for persons 55 or older has declined by over 400,000 from the fourth quarter in 1973 to the first quarter in 1976. *But even more disturbing, Dr. Rosenblum has determined that nearly one out of three of these individuals has withdrawn involuntarily.*

Unemployment has taken its tragic toll in many ways during the recession, especially for older workers. One major cause for concern is Dr. Rosenblum's finding that the proportion of older persons below the poverty line has risen. Dr. Rosenblum points out:

For those 55 years of age and above, but particularly those beyond age 65, the absolute lack of a share in the economic recovery has led, especially during the past year since the trough, to an increased percentage in poverty.

This fact of life provides a grim reminder that older persons are an especially vulnerable group during a recession. It also underscores the need to develop comprehensive and effective manpower policies to promote employment opportunities for middle-aged and older workers. At the same time, our Nation must be vigilant in removing arbitrary barriers blocking occupational advancement for mature workers.

Dr. Rosenblum's recommendations provide a solid foundation upon which to build these policies. They deserve prompt consideration by the Congress and the administration.

In many ways, Dr. Rosenblum's paper develops themes expressed by the Senate Committee on Aging in its annual reports and specialized publications within recent years.* Committee Counsel David Affeldt, who has been instrumental in developing statistical and other evidence on older worker issues for this committee, was also of great assistance to Dr. Rosenblum in the planning and preparation of this report.

Once again, the committee expresses its deep sense of appreciation to Dr. Rosenblum for preparing this timely and effective report.

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Special Committee on Aging.

JENNINGS RANDOLPH, *Chairman,*
Subcommittee on Employment and Retirement Incomes.

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and Committee on Labor and Public Welfare.

*"Employment Aspects of the Economic Aspects of Aging," December 1969; "The Nation's Stake in the Employment of Middle-Aged and Older Persons," July 1971; "Cancelled Careers: The Impact of Reduction-in-Force Policies on Middle-Aged Federal Employees," May 1972; and "Improving the Age Discrimination Law," September 1973.

SUMMARY OF MAJOR FINDINGS

Not all Americans are benefiting from the modest employment upswing from the end of the worst recession in nearly 40 years.

In fact, this paper argues that older workers—those aged 55 and above under Department of Labor standards—are probably now worse off than they were at the height of the recession.

Their problem cannot be measured by unemployment statistics alone.

For example, the “discouragement” factor, or sense of hopelessness which causes a person to stop even the search for work, must be considered.

So must the consequences of long-term poverty which engulfs so many mature workers, as well as quirks in the way labor force participation and employment statistics are taken and interpreted in the United States.

In short, the severe recession of 1974–75 has intensified negative job market trends of direct consequence to the mature worker.

Even in better economic times, those trends were severe enough to warrant national attention and action.

Now, in the face of the devastating impact which the recession has had on this age group, action must be taken promptly if older workers are not to be forced into permanent economic dislocation during their work years and severely reduced benefits during their retirement years.



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RECESSION'S CONTINUING VICTIM: THE OLDER WORKER

Prepared by Marc Rosenblum, Ph. D., Consultant

I. INTRODUCTION

Approximately a year has elapsed since the 1974-75 recession sank the American economy to its lowest level in almost 40 years. To some extent, improvement is now evident.¹

Aggregate unemployment fell to 7.3 percent of the civilian labor force in May, while nonfarm employment grew by 386,000 from the preceding month. For the Nation as a whole, these gains are encouraging, although still far short of full recovery.

Not all Americans have benefited from the economic upswing, however. Older workers have made little or no progress during the recovery. Virtually all employment growth has been concentrated among persons below age 45 of both sexes, with the remainder (about 8 percent of new jobs) among females above that age.

The number of employed persons does not provide a complete picture of the labor market, however. Several other indicators, individually and in combination, all point to the diminishing ability of older Americans to provide for their economic needs through work. Viewed in its totality, there is clear and convincing evidence that older workers are worse off now than in the prerecession peak period, the fourth quarter of 1973.

In terms of sheer numbers, younger persons bore the brunt of the recession, particularly men in blue-collar occupations. Younger workers were more severely affected in terms of job loss during a brief period. To consider the recession as less damaging to older workers, however, would be misleading.

The number of employed younger persons has now reached its prerecession peak, with females playing an increasingly active economic role. For persons above age 55 (and above age 45 as well) the past year has been one of nonrecovery.

Thus, economic events of the past 2½ years (since the last "peak") should be examined in the context of younger and older workers. For younger workers, there was a period of sharp job retraction followed by some improvement. For older workers, it was a time of *continued* job diminution, exacerbated by a general recession and overall economic sluggishness.

Since data are available in great detail, the position of older workers can be documented. In a policy sense, however, the growing plight of mature Americans vis-a-vis the world of work needs to be explored more fully.

II. MEASURES OF DISADVANTAGE

In this study, a number of measures are used to illustrate the growing disadvantage at which older persons now find themselves

¹ The National Bureau of Economic Research defined the recession as having occurred following the fourth quarter of 1973, or prerecession "peak" period, until the first quarter of 1975, or "trough." This study is an analysis of economic activity, with particular reference to the employment of older workers, between those two points, and up to the first quarter of 1976. The year between the trough and current period represents the extent of economic recovery to date.

in our labor markets. These five factors are unemployment, employment, labor force participation, discouragement, and poverty.

It is the *total* effect of all these measures, not just any single factor, that allows a comprehensive picture to develop. In that respect, the total problem in a very real sense exceeds the sum of its parts.

Many older workers are at a competitive disadvantage which, if not recognized, may lead to permanent economic dislocation for a whole class of Americans; a class presently composed of those born prior to, during, and shortly after World War I. Signs of this dislocation are becoming evident. The increasing poverty of older persons is but one, albeit visible and a very disturbing sign.

A. UNEMPLOYMENT

As with all devices to measure groups of people, unemployment can be viewed in an absolute sense (i.e., the number or percent of jobless persons) or in a relative one, comparing groups along demographic lines. During the period under examination, the number of all unemployed workers jumped from just under 4 million to a high of 8.3 million, then receded to the current (first quarter 1976) level of 7.9 million.

For older workers (age 55 or older), however, joblessness is growing. Unemployment jumped from 376,000 in the fourth quarter of 1973² to 729,000 in the first quarter of 1975, and reached 763,000 early in 1976. (Hereafter, the quarters will be designated by a Roman numeral.) This last change represents a 4.7-percent increase in the number of older unemployed persons over the past year alone, while the overall number of unemployed (of all ages) fell by 4.5 percent³ from trough to present levels.

Unemployment is also expressed in terms of duration, or the average number of weeks that people have been without a job. Two tendencies generally operate here. First, duration increases as economic conditions deteriorate. Second, duration usually increases with age. Older workers, during good times and bad, do not find jobs as rapidly as their younger counterparts. During slack periods, however, the duration of unemployment increases, and quite often markedly.

² For convenience, the three benchmark periods of this study are designated in the tables (and sometimes in the text) by the specific quarter (in Roman numerals) and year.

³ All calculations are based on actual figures. Because of rounding, the percentages shown may vary slightly.

TABLE 1.—MEAN DURATION OF UNEMPLOYMENT, BY AGE AND SEX
[In weeks]

Age/sex	IV-1973	I-1975	I-1976
Male:			
45 to 54.....	15.1	14.2	22.9
55 to 64.....	16.7	15.6	23.8
65 plus.....	13.9	17.5	25.1
All ages.....	10.7	12.3	17.7
Female:			
45 to 54.....	11.4	13.5	19.6
55 to 64.....	14.4	14.1	24.1
65 plus.....	9.2	19.9	24.5
All ages.....	8.6	10.7	15.3
Both sexes:			
45 to 54.....	13.1	13.9	21.5
55 to 64.....	15.3	15.0	23.9
65 plus.....	12.5	18.3	24.9
All ages.....	9.7	11.6	16.7

These two factors have operated to the disadvantage of older workers and have actually extended their joblessness over the past year, despite the economic recovery. This is evident from the data in table 1.

For men 65 and above, for example, average duration jumped by 7.6 weeks between 1975 and 1976 (25.1 weeks compared with 17.5 weeks). For all men the mean (average) rise was only 5.4 weeks (17.7 versus 12.3 weeks).

Similarly, for women 65 or older, the average spell of unemployment increased by almost 5 weeks—from 19.9 to 24.5. *In the case of women 55 to 64 years old, the average duration rose by 10 weeks, from 14.1 to 24.1.*

Another factor to consider is relative unemployment, in terms of differential effects on specific subgroups by age and sex.

Two such measures are the relative unemployment rate and group percentage of unemployment shown in table 2. The relative unemployment rate reflects a particular subgroup's rate compared with the national average for that time period. For example, if the national unemployment rate is 8 percent and the unemployment rate for persons 55 or older is 6 percent, their relative unemployment rate is 0.75. The group percent of unemployment reflects that portion of the total number of unemployed persons who are in a particular subgroup. For example, if the total number of unemployed is 7 million and 700,000 are aged 55 or older, that group's share of unemployment is 10 percent. Low relative unemployment rates for older workers are deceptive, however, and tend to hide the difficulty faced by persons beyond middle age in obtaining work.

This occurs since more older workers withdraw from actively searching for jobs and are not enumerated as unemployed. This reduces their number and percent compared with all age groups. Many of these persons show up as discouraged workers, a point that will be amplified more fully below. To some extent, however, the distinction between discouragement and unemployment is a matter of degree and definition rather than lack of interest in work.

TABLE 2.—RELATIVE UNEMPLOYMENT RATES AND GROUP PERCENT OF UNEMPLOYMENT¹

Age/sex	Relative rates			Percent of total		
	IV-1973	I-1975	I-1976	IV-1973	I-1975	I-1976
Male:						
55 plus.....	0.57	0.56	0.64	5.7	5.4	6.0
55 to 64.....	.53	.55	.60	4.1	4.2	4.5
65 plus.....	.73	.60	.79	1.5	1.2	1.5
All ages.....	.84	.96	.97	50.8	58.0	57.4
Female:						
55 plus.....	.57	.58	.62	3.3	3.4	3.7
55 to 64.....	.57	.61	.61	2.7	2.9	2.9
65 plus.....	.75	.55	.68	.7	.6	.8
All ages.....	1.25	1.05	1.05	49.2	42.0	42.6
Both sexes.....	1.00	1.00	1.00	100.0	100.0	100.0

¹ See prior discussion for definitions of relative unemployment rates and the group percent of unemployment.

Nonetheless, older workers—particularly men—now have a higher relative unemployment rate, and account for an increased proportional share of unemployment than previously. For example, men 55 and over accounted for 6 percent of all unemployed persons during I-76, compared with 5.7 percent in IV-73. The slight decline from peak to trough periods—especially for workers age 65 and above—is explained by the more than proportional deterioration in conditions for all other workers, combined with a substantial withdrawal from the work arena by older workers unable to retain their previous jobs.

In other words, as the recession's brunt was distributed throughout the work force, a deceptive relative improvement in unemployment rates for older workers ensued. The illusory nature of this is best seen in the context of employed persons, age 65 and over. During the study's three benchmark quarters (IV-73, I-75, and I-76), employment fell: from 2.9 to 2.8 million, and down to 2.7 million.

The increased group share of unemployment among older workers is not insignificant either. Combining both sexes, the 763,000 jobless persons age 55 or over comprised 9.7 percent of the unemployed early in 1976, rather than the 9 percent that 356,000 older unemployed represented late in 1973.

At 1976 levels of unemployment, even this 0.7 percent (9.7 percent minus 9 percent) represents an additional 51,000 jobless older workers. Or, put differently, 9 percent of the 7.9 million now without jobs, would be about 712,000, or 51,000 less than the 763,000 actually unemployed.

B. LABOR FORCE PARTICIPATION

One of the most easily followed yardsticks of economic behavior is the labor force participation rate. It is, simply, the proportion of persons in the work force compared with their total number in the population.

Over time, changes in this rate signal shifts in the activity of specific demographic subgroups. Total male participation, for example, has declined steadily from 87 percent (the 1948 pre-Korean war peak), to 81.5 percent (the 1965 pre-Vietnam high), to 78.5 percent for the full year 1975. For older males, this reduction has been substantially more pronounced—from 72.3 percent in 1948, to 56.9 percent in 1965, and down to 49.4 percent in 1975.

To some extent, particularly during periods of price stability and high aggregate employment, this shift represents a voluntary withdrawal from the work force. The greater availability of private pensions, along with public retirement income and disability benefits, are usually cited in partial explanation, along with other factors.

In fact, many older men prefer to remain economically active, particularly since the stable purchasing power of one's income cannot be assured. The economic squeeze is intensified when growing numbers of unemployed elderly males are precluded by inadequate labor demand from finding new jobs.

Table 3 illustrates the decline in male labor force activity throughout the period of this analysis. Men of all ages are affected, but the participation rate for those over 55 in age has declined at approximately twice the level of younger workers.

During the 1½ years from peak to trough, for example, participation by younger men (16 to 44 years old) fell from 86.9 percent to 85.8 percent, or 1.1 percentage points. For men above age 55, however, the drop was 2.2 percentage points.

On an overall basis, labor force participation is positively related to employment. When jobs are more plentiful the work force expands to reflect more jobseekers and the participation rate goes up. This phenomenon is independent of unemployment levels, since not all persons looking for work succeed and some remain jobless.

TABLE 3.—MALE LABOR FORCE PARTICIPATION RATES AND CHANGE EXPRESSED IN PERCENTAGE POINTS

Age	IV-1973	I-1975	Change	I-1976	Change
16 to 44.....	86.9	85.8	-1.1	85.3	-0.5
45 plus.....	67.6	66.2	-1.4	64.6	-1.6
45 to 54.....	93.1	91.8	-1.3	91.5	-.3
55 plus.....	51.1	48.9	-2.2	47.9	-1.0
55 to 64.....	77.9	76.6	-1.3	74.4	-2.2
65 plus.....	22.5	21.9	-.6	20.2	-1.7
All ages.....	79.2	77.9	-1.3	77.1	-.8

Thus, during a period of recovery, participation rates should be rising. From the 1975 trough to the present the total rate (for the entire labor force) has advanced only minimally, 61.2 percent to 61.3 percent. Moreover, all this gain has been among females, reinforcing the strong trend of expanded work behavior by younger women. One clear indication of the strength of this trend is: While the overall economy declined from peak to trough, the women's participation rate crept upward (albeit slowly) from 45.6 percent to 45.8 percent.

Only elderly women, age 65 and above, experienced a decline and then recovery in their participation rate during the overall period, consistent with the expected pattern. Their rate fell from 8.8 percent down to 8.1 percent, and has rebounded to 8.6 percent. It should be remembered, however, that less than 1.1 million women age 65 or older work, usually to supplement inadequate or nonexistent retirement benefits.

For all older workers (age 55 or over), participation rates currently are 34.2 percent, compared with 35 percent at last year's trough, and 35.7 percent at the peak in 1973. The rate of decline has *accelerated*.

One indication of the magnitude of this decline may be obtained by taking the peak period (IV-1973) participation rates, holding them constant, and applying them to presently enumerated population levels. For example, the male labor force participation rate for those 55 or older declined from 51.1 percent in IV-73 to 47.9 percent in I-76. The total male 55-plus population in I-76 was 18,208,000. The labor force participation rates for women of corresponding age were 23.6 percent and 23.5 percent for the two quarters in this example. The female 55-plus population in I-76 was 23,158,000. The net difference exceeds 600,000 workers; 591,000 males and 31,000 females.⁴

⁴ Holding participation constant does not capture the combined effects of participation rate and population change, or distinguish among the reasons for withdrawal from the labor force. That is done below to estimate the extent of voluntarism in the labor force exit patterns of older workers. As a first approximation, however, a half million fewer older workers over the past 2½ years provides a useful working figure.

C. DISCOURAGED WORKERS AND OTHERS NOT IN THE LABOR FORCE

The labor force participation rates referred to above are based on standard Bureau of Labor Statistics (BLS) definitions of unemployment. This means only those persons actively seeking a job during the 4 weeks prior to being surveyed are counted as unemployed.

Discouraged workers are not included in this definition. They are officially regarded as persons outside the work force (because they believe jobs to be unavailable and have not actually sought them). Empirical evidence suggests that many, if not all, discouraged workers would compete more actively for jobs if economic conditions were more favorable.^{4a}

For analytical purposes, this permits estimates to be made of unemployment and labor force participation rates by statistically shifting discouraged workers to the unemployed category. Since the number of discouraged workers varies inversely with economic conditions, this technique should have a mitigating effect on the fluctuation in labor force participation rates.

In other words, since slack conditions lead some persons to become "discouraged unemployed" rather than "conventionally defined unemployed," participation rates calculated by this method more clearly reflect basic trend factors. Conventionally defined unemployment is more sensitive to the variation caused by cyclical conditions.

When dealing with older workers, however, this alternate approach to defining participation becomes a useful adjunct. The increased duration of joblessness and lower probability of finding work act to generate higher discouragement among those workers who, by standard definitions, would no longer be counted as available.

These differences can be measured and compared. Table 4 is similar to table 3, except that discouraged workers are considered to be unemployed and counted in the work force. The comparison is useful in separating the trend from cyclical effects.

TABLE 4.—MALE LABOR FORCE PARTICIPATION RATES (INCLUDING DISCOURAGED WORKERS), AND CHANGE EXPRESSED IN PERCENTAGE POINTS

Age	IV-1973	I-1975	Change	I-1976	Change
16 to 44.....	87.1	86.1	-1.0	85.8	-0.3
45 plus.....	68.0	66.8	-1.2	65.2	-1.6
45 to 54.....	93.2	92.1	-1.2	91.7	-.4
55 plus.....	51.7	50.8	-.9	48.7	-2.1
55 to 64.....	78.3	77.3	-1.0	74.9	-2.4
65 plus.....	23.4	22.8	-.6	21.2	-1.6
All ages.....	79.4	78.4	-1.0	77.6	-.8

Using the revised definition, total male participation fell during the recession by only 1 percentage point, 79.4 percent to 78.4 percent, rather than by 1.3 percentage points in conventional terms, 79.2 percent to 77.9 percent. This lesser drop reflects the shift by some workers to discouraged status, rather than completely dropping out and being assigned a non-labor-force designation.

For older men, age 55 and over, two things are evident, as illustrated by comparing tables 3 and 4. First, there was less of a decline, by 0.9 rather than 2.2 percentage points in the participation rate, from peak

^{4a} Rosenblum, "Discouraged Workers and Unemployment," *Monthly Labor Review*, September 1974, pp. 28-30.

to trough. Second and more important, the decline intensified during the past year. During the recovery, participation rates fell by 2.1 percentage points on a discouraged basis, but only by 1 point on a standard basis.

A similar interpretation is derived from the unemployment data in table 2. To the extent that older men were not among the first laid off after the recession's onset, the relative impact was not immediately felt. At or near the trough, however, continued economic slack resulted in many older workers being terminated. Once out of work, the disproportionately heavy impact on them ensued.

1. DISCOURAGED WORKERS: NUMBERS AND RATES OF CHANGE

Discouragement can be measured not just in its effect on labor force participation rates, but in terms of its direct impact in numbers. The total climbed 69.6 percent from the 1973 peak (650,000) to the 1975 trough (1.1 million); then declined 11.8 percent to the present (975,000).

The aggregate rates of change are not uniformly distributed by age, however. Even within the older worker category (age 55 and above) some variation is evident during the period under analysis.

It may be characterized as a sequential wave of discouragement, hitting first the less elderly (55 to 64) during the downturn, followed by intensified discouragement among more elderly workers.

During the slump phase, for example, overall discouragement increased 69.6 percent, as indicated above. For workers age 55 to 64, however, discouragement rose almost twice as rapidly (134.7 percent). The actual number of discouraged older workers in this age group increased from 72,000 in IV-73 to 169,000 in I-75.

Over the past year, the most intensified discouragement has shifted to the oldest workers. While the total number of discouraged workers dropped slightly (11.8 percent), the rates of increase for those age 65 and above were: males, 14.8 percent; females, 94.9 percent; both combined, 40.8 percent.

Other than younger men, aged 16 to 44, who showed sharp rises in discouragement throughout the entire period, no other group by age or sex other than elderly workers experienced increased discouragement over the past year.

2. OTHERS NOT IN THE LABOR FORCE WHO WANT JOBS

The alternate analysis of participation, including discouragement, serves to identify various factors affecting the labor force. This analysis may now be carried one step further.

The Census population survey categorizes persons not in the labor force either as wanting a job now, or not, depending on the survey response. Discouraged workers are but one subgroup of those who provide a positive answer. The other categories are persons who want a job but are precluded from looking by (a) being in school, (b) being ill or disabled, (c) having home and household obligations, and (d) all other reasons.

Obviously, some of these persons are precluded by their circumstances from labor force attachment even of discouraged workers. Nonetheless, further insight may be obtained by comparing partici-

pation rates for the three benchmark periods as if all persons expressing any interest in work were part of the labor force.⁵

First, this measurement provides a parameter of maximum labor force attachment in the most comprehensive way and represents the Nation's labor supply under conditions of complete utilization. Second, in the context of older workers, those expressing an interest in work (but not in the conventionally defined labor force) may be regarded as involuntarily removed.

This group may be compared with older persons expressing no job interest, to ascertain the pattern and intensity of labor force withdrawal, currently and over time.⁶

But when the labor force includes *all* persons who have expressed an interest in work as well as those actually employed or overtly seeking a job, trend changes are further emphasized and cyclically induced swings in labor force participation further dampened. This is shown in table 5.

TABLE 5.—MALE LABOR FORCE PARTICIPATION RATES (INCLUDING PERSONS NOT IN THE LABOR FORCE WHO WANT A JOB NOW), AND CHANGE EXPRESSED IN PERCENTAGE POINTS

Age	IV-1973	I-1975	Change	I-1976	Change
16 to 44	88.9	88.7	-0.2	88.1	-0.6
45 plus	69.0	67.7	-1.3	66.3	-1.4
45 to 54	93.9	92.9	-1.0	92.6	-.3
55 plus	52.8	51.7	-1.1	49.9	-1.8
55 to 64	79.5	78.2	-1.3	76.2	-2.0
65 plus	24.4	23.8	-.6	22.4	-1.4
All ages	80.9	80.3	-.6	79.5	-.8

Making a specific comparison of participation rates on this basis with table 4, those calculated with discouraged unemployment included the unenviable position of older men is shown clearly. Focusing on males age 55 and above, "want-a-job participation" fell by only 1.8 percentage points during the past year, whereas the decline was 2.1 points on a discouraged participation basis.

The diminished fluctuation indicates that older men in growing numbers want to work. When viewed in conjunction with employment and unemployment, however, this means that their withdrawal from work attachment has not increased as rapidly as their access to and ability in obtaining jobs.

The assumption of growing involuntary retirement, while logical (and pointed to by other evidence), requires one final corroboration because the existence of diminished participation—rather than its causes—is all that has been demonstrated above. The final confirmation is supplied by comparing the number of persons not in the labor force who want a job with all persons of that age who are not counted as workers.

⁵ This is consistent with section 206(a) of S. 50, the Full Employment and Balanced Growth Act of 1976. Under this proposal, employment opportunities would be provided to "adult Americans able, willing, and seeking to work but who, despite a serious effort to obtain employment, are unable to do so." Under these provisions, older workers in particular would face a more favorable economic environment.

⁶ While this analysis is tentative and exploratory, conventional labor force analysis fails to distinguish satisfactorily between voluntary and involuntary older worker withdrawal. Past practice has been to designate as retired all older persons no longer active in the labor force.

This ratio, over time, indicates a clearly growing group of non-workers who would prefer some attachment to the labor force. The totals by sex, and for both sexes combined, indicate that this phenomenon is not limited solely to older workers, but may be generalized across the economy as one indication of prolonged subnormal growth.

TABLE 6.—RATIO OF PERSONS NOT IN THE LABOR FORCE, BUT WANT A JOB, TO ALL PERSONS NOT IN THE LABOR FORCE

[In percent]

Age/sex	IV-1973	I-1975	I-1976
Male:			
55 plus.....	3.5	3.6	4.4
55 to 64.....	6.9	7.2	7.3
65 plus.....	2.4	2.5	2.8
All ages.....	8.2	10.7	10.5
Female:			
55 plus.....	2.2	2.4	2.5
55 to 64.....	4.2	4.4	4.9
65 plus.....	1.1	1.4	1.3
All ages.....	7.0	8.4	8.6
Both sexes:			
55 plus.....	2.6	2.8	3.0
55 to 64.....	4.8	5.1	5.6
65 plus.....	1.6	1.8	1.8
All ages.....	7.3	9.0	9.1

If the ratio for persons 55 years and above is held constant at the peak period (fourth quarter 1973) level of 2.6 (and multiplied by subsequent populations), a difference of about 95,000 is observed. That may be regarded as a preliminary and conservative estimate of the push-out effect, or involuntary withdrawal, from work attachment on the part of older persons.⁷

D. EMPLOYMENT

The importance of a job cannot be overstated. Through work most persons derive their income and sense of well-being. For many, work is intrinsically satisfying as well as an economic necessity. Thus, the loss of or inability to obtain a job creates many individual problems, particularly for the older worker whose attachment to the labor force has spanned several decades.

The decline in employed older workers carries these intangible yet real costs both to the persons affected and to society. The level of employment is most sensitive to the business cycle, so that a decline occurs during the peak to trough phase, followed by an increase as part of any recovery. The recent recession has been no exception, at least in the aggregate.

Total employment fell from a preslump peak of 85.8 million to a trough low of 82.9 million, or a reduction of jobs by 3.4 percent. During the year ending with the first quarter of 1976, the current recovery period, employment rose by 2.1 million persons, to 85 million, or by 2.5 percent.

⁷ This figure differs somewhat from estimates derived below; the discrepancy arising from different statistical techniques, with this, the less methodologically rigorous, being regarded as a conservative or minimum estimate of involuntary withdrawal.

Employment remains below its prerecession peak, by almost 1 million jobs, while the overall labor force continues to expand. The unemployment rate, therefore, remains distressingly high.

For the older worker, by contrast, even a partial recovery from the I-1975 low has not occurred. As table 7 illustrates, the employment of persons above 55 years of age, of both sexes, continues to diminish. The slight increase by women is more than offset by a male decline of 433,000 employed over the entire recession and recovery period, or by 2.8 percent from the late 1973 level.

For the elderly worker, age 65 and above, the job erosion is even more dramatic. Since the fourth quarter of 1973, 160,000 fewer persons in this category have held employment, or a reduction by 5.6 percent since that time.

TABLE 7.—EMPLOYMENT, BY AGE AND SEX

[In thousands]

Age/sex	IV-1973	I-1975	Percent change	I-1976	Percent change
Male:					
55 plus	8,673	8,468	-2.4	8,240	-2.8
55 to 64	6,841	6,666	-2.6	6,566	-1.5
65 plus	1,832	1,802	-1.6	1,674	-7.1
All ages	52,341	49,985	-4.5	50,669	+1.4
Female:					
55 plus	5,110	4,990	-2.4	5,156	+3.3
55 to 64	4,083	4,037	-1.1	4,131	+2.3
65 plus	1,027	953	-7.2	1,025	+7.6
All ages	33,481	32,883	-1.8	34,279	+4.3
Both sexes:					
55 plus	13,783	13,458	-2.4	13,396	-5.5
55 to 64	10,924	10,703	-2.0	10,697	-1.1
65 plus	2,859	2,755	-3.6	2,699	-3.0
All ages	85,822	82,869	-3.4	84,948	-2.5

E. POVERTY

One of the inevitable correlates of insufficient employment is poverty. In turn, poverty then becomes an explanation for many of the Nation's social problems. This linkage is especially visible in the context of older workers.

On the basis of CPS data, persons in poverty may, for analytical purposes, be separated from the nonpoor.⁸ This study's key finding, the deteriorating employment situation for all older workers in the face of some aggregate recovery, is particularly germane for the elderly poor. The extent to which a job and earned income spells the difference between poverty and a higher living standard is developed in the discussion below.

To begin with, the proportion of older persons below the poverty line is continuing to rise, particularly those age 65 or over. Of all persons in poverty, for example, 18 percent are age 65 or older; up from 17.1 percent during the fourth quarter of 1973.

⁸ Poverty in this study is based on the definition used by the U.S. Department of Labor, Bureau of Labor Statistics. In recent years, the income cutoff line has been adjusted annually to reflect inflation so that the amount (in current dollars) is not fixed.

TABLE 8.—DISTRIBUTION OF PERSONS IN POVERTY, BY AGE AND SEX

[In percent]

Age/sex	IV-1973	I-1975	I-1976
Male:			
55 plus.....	13.7	13.6	13.9
55 to 64.....	6.3	6.2	6.3
65 plus.....	7.4	7.4	7.6
All ages.....	46.3	46.3	46.4
Female:			
55 plus.....	17.4	17.5	17.9
55 to 64.....	7.6	7.5	7.5
65 plus.....	9.7	10.0	10.4
All ages.....	53.7	53.7	53.6
Both sexes:			
55 plus.....	31.1	31.1	31.8
55 to 64.....	14.0	13.7	13.8
65 plus.....	17.1	17.4	18.0
Total.....	100.0	100.0	100.0

At the same time that the proportion of elderly persons among the poor has risen, the overall percent of our Nation's citizens classified as in poverty has fallen. Throughout the three benchmark quarters of this study, poverty has lessened somewhat despite the recession, at least if we focus on the general population and its younger components. For those 55 years of age and above, but particularly those beyond age 65, the absolute lack of a share in the economic recovery has led, especially during the past year since the trough, to an increased percentage in poverty.

Since the proportion of elderly people has risen faster than the general percentage decline in poverty, the absolute number of older poor persons has also gone up. At present 29 million Americans are beneath the poverty income level, up from the 28.7 million 2½ years ago.

The poor, particularly the elderly poor, have lower labor force participation rates.⁹ Similarly, the proportional shares of the labor force and of employment held by older workers in poverty has diminished over the past year.

Moreover, the *differences* in labor force participation rates between the poor and nonpoor are *widening* for virtually all age/sex subgroups, both from peak period to trough *and* trough to the present. This pattern is not limited to older workers, and is an ominous sign for persons of all ages.

Where participation rates are trending downward, as is the case with males, men in poverty status are dropping out of the labor force more rapidly. For females, where participation rates (particularly in the younger age cohorts) continue to rise, the gains are at a lesser rate—also allowing the differential to expand.

⁹ Comparisons are possible only with labor force participation rates for the nonpoverty or total population using the standard BLS definitions. Poverty statistics are not available on a discouraged worker basis, or for other persons not in the labor force who want a job. If analyzed, this data might prove illuminating.

TABLE 9.—DIFFERENCE IN CIVILIAN LABOR FORCE PARTICIPATION RATES, FOR PERSONS IN NONPOVERTY STATUS COMPARED WITH PERSONS IN POVERTY, BY AGE AND SEX

[Percentage points of labor force participation rate]

Age/sex	IV-1973	I-1975	I-1976
Male:			
16 to 44.....	5.4	6.6	6.7
45 plus.....	10.2	11.9	12.3
45 to 54.....	7.7	10.3	10.1
55 plus.....	7.3	8.6	9.6
55 to 64.....	10.2	10.1	10.9
65 plus.....	-2.7	-1	.9
All ages.....	7.7	9.6	10.2
Female:			
16 to 44.....	5.7	7.4	8.6
45 plus.....	4.4	5.4	6.6
45 to 54.....	3.6	5.0	6.5
55 plus.....	2.5	3.3	3.9
55 to 64.....	3.3	4.0	5.5
65 plus.....	.3	.8	.3
All ages.....	5.9	7.3	8.7
Both sexes:			
55 plus.....	4.6	5.7	6.6
55 to 64.....	7.2	7.5	8.7
65 plus.....	-1.4	.2	.4
All ages.....	7.0	8.7	9.6

The absence of jobs, and attachment to the labor force, seems to express succinctly a major component of the difference between poverty and nonpoor status. For example, as shown in table 9, a difference of 7.7 points in the labor force participation rate existed for men just prior to the recession. That is, during the fourth quarter of 1973, nonpoor men had a participation rate of 80 percent, while men in poverty, a 72.3-percent rate.

By the first quarter of this year the rates for all men had fallen further, to 78.3 percent for those not in poverty, and 68.1 percent for poor males. The difference had *expanded* to 10.2 points of participation rate.

The same phenomenon applies to older workers, to medium-aged workers, and to younger workers. For the civilian labor force as a whole, a 7-point participation rate difference at the peak in 1973 has grown to 9.6 points at present.

Inasmuch as this study encompasses the economic difficulties of older workers, the problem of expanding differential rates of labor force participation on the basis of poverty status and age must be emphasized. In general, however, the withdrawal from labor force activity of persons of all age groups drawn primarily from the ranks of the poor requires special attention and possible program activity.

This set of comparisons reveals additional differences in attachment to the work force not evident when poverty and nonpoverty status are ignored and participation treated homogeneously by age and sex. Or, in other words, labor force participation, dichotomized in this manner, follows a differential course for the poor and nonpoor.

This can best be summarized as follows: For the *nonpoverty* labor force, participation rates have (since the fourth quarter of 1973) been subject to both cyclical and trend influences. Male rates are declining (although less sharply than when poverty-status men are included).

The rates for most women rose even while economic activity ebbed from peak to trough, largely reflecting their increased choice to be employed outside the home.

With specific reference to older workers, the difference in participation rates (shown in table 9) is not as severe—6.6 points for both sexes age 55 and above—compared with 9.6 points for workers of all ages, during I-1976.

When viewed as a percentage difference between poor and nonpoor elements of the labor force, the 18.5-percent gap for older workers (6.6 points on a base participation rate of 35.7 percent) exceeds the 15.4-percent average gap for workers of all ages (9.6 points on a base rate of 62.5 percent).¹⁰

In contrast, for workers in poverty, the participation rates have uniformly declined. The only exception to this is younger women, ages 16 to 44, and elderly females, 65 years and above, during the past year of recovery. In neither case, however, was the increase sufficient to restore those groups to their prerecession participation rates.

For women in poverty, then, labor force participation has diminished over the past 2½ years. By way of contrast, all female subgroups in the nonpoverty category (other than age 65 and beyond) are participating at much increased rates when compared with late 1973. In fact, virtually all growth in the entire labor force is concentrated there.

For older workers in poverty, the net decline throughout the entire period under study was substantial. Combining both sexes, a drop of 3.1 points (from a participation rate of 32.2 percent to one of 29.1 percent) occurred. For men in that age group the drop was even more pronounced: 5.1 participation rate points from 45.5 percent to 40.4 percent. Translated into terms of percentage change, an 11.2 percent withdrawal rate took place for men; 9.6 percent for older workers of both sexes.

Another way of measuring the declines outlined above—as they affect older workers—is in terms of proportional shares of both labor force and employment. If we limit our focus to persons in poverty, a clear and steady shift along well-delineated age lines has occurred. Younger workers, age 16 to 44, now account for 64.4 percent of the labor force, compared with 63.4 percent in late 1973. Workers 45 years old and above have a diminished share of the labor force, 35.6 percent compared with 36.8 percent.

Similarly, the share of jobs held by employed poor persons has fallen to 37.5 percent from the 37.9 percent of several years ago. Conversely, the share of employment going to younger persons within the poverty group is steadily (if not rapidly in the face of economic sluggishness) increasing.

AMELIORATING POVERTY FOR THE OLDER WORKER

Differences in labor force participation rates are one important factor separating poor from nonpoor Americans. This information permits another question to be addressed, at least hypothetically. If we wish to assume that persons in poverty could increase their par-

¹⁰ In general, comparisons of participation rates will provide similar results. While the absolute rate differences may not be as large for older workers as for persons of all ages, the impact (measured by percentage change) over time is usually greater.

ticipation rates to parity with the nonpoverty population (and, by implication, earn a nonpoverty income), how many would be affected? Or, put differently, how large of an increase would be required in the labor force to ameliorate poverty for older workers through expanded labor force participation?

For persons of both sexes, age 55 and above, the necessary increase would be about 350,000. For the entire poverty classification labor force, almost 2.7 million more workers would be involved. In perspective, this would represent 13 percent of older workers now in poverty, and 17.5 percent of the existing poverty labor force.

The illustration on page 15 is intended to emphasize the point that the ability to earn an income is necessary for most persons to avoid poverty. Given the present distribution of wealth and nonwage income, few older Americans are completely indifferent to work opportunities.

It must be recognized, however, that the labor force participation rate is, in this sense, a proxy for the whole range of factors influencing work behavior. The specific steps that would result in poverty-status people increasing their participation to the same level as the nonpoor are (given the limited focus of this study) undefined here.

III. THE TOTAL IMPACT: "MUSICAL CHAIRS" FOR JOBS

A sufficient volume of data has been introduced above to measure changes in labor force behavior for the older American worker during the period of this study. Interpreting this data into a coherent whole reveals a total picture that is only in part disclosed by the separate elements.

What fully emerges are the following changes over the past 2½ years:

(1) Over 400,000 fewer persons, age 55 and above, remain in the labor force on the basis of changing participation rate patterns.

(2) Of this total, roughly one in three (31.9 percent), has withdrawn involuntarily. The effect of this is largely masked from view by an offsetting increase in the demographic cohort of persons in this age group, so the net labor force change is not immediately visible. Within the category of persons withdrawing (as reflected in reduced participation rates) for other than demographic reasons, the push-out effect, or involuntary character of withdrawal, is evident.

(3) For the entire adult work force, reduction on the basis of participation rate change has been .6 million persons. (Since this has been more than offset by population gains, there has been a corresponding 2.8 million person jump in the labor force.)

(4) Of the *reduction attributable to participation rate change by virtue of discouragement*, more than two-fifths (41.6 percent) can be considered involuntary. The essential difference between these people (who are enumerated as not in the labor force but want a job now) is on the dimension of age. Most younger persons in this category are likely, at some point, to reenter the labor force. For the older worker, however, the link with employment may prove more difficult, if not impossible, to reestablish.

Table 10 indicates the nature of this analysis in more detail. The actual number of persons age 55 and above in the labor force is 20,000 higher now than at the prerecession peak. Behind this, however, are the two major factors affecting labor force size, factors pulling in opposite directions. They must be statistically separated so the effect of each can be understood more clearly.

Figure 1

LABOR FORCE PARTICIPATION RATES, POVERTY AND NONPOVERTY STATUS

(L/P)

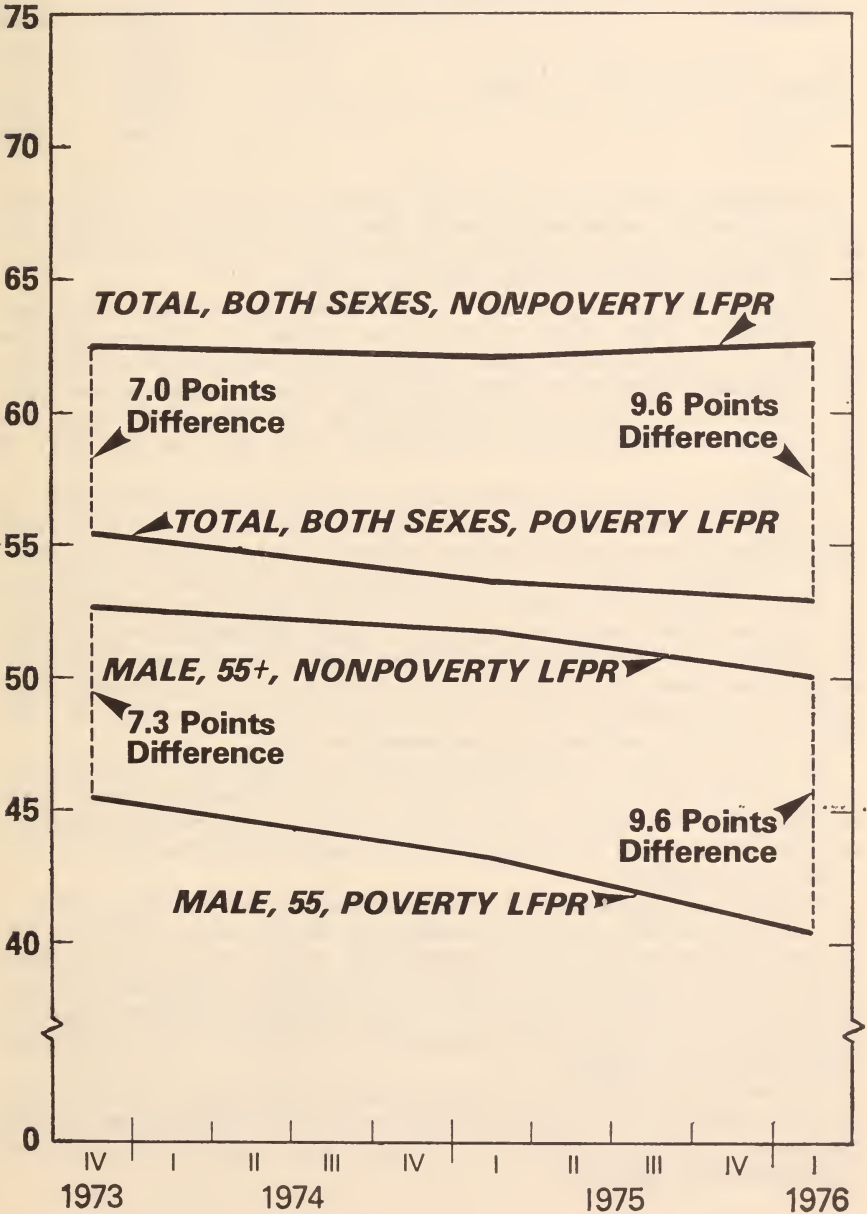


TABLE 10.—CHANGES AND ESTIMATED DISTRIBUTION OF IMPACT ATTRIBUTABLE TO PARTICIPATION RATE CHANGE IN LABOR FORCE STATUS OF OLDER WORKERS, IV-1973 TO I-1976

	Male	Female	Both sexes
Actual labor force difference.....	-183, 000	+203, 000	+20, 000
Attributable to population change.....	-296, 000	-160, 000	-456, 000
Participation rate change.....	-479, 000	+43, 000	-436, 000
Impact (involuntary withdrawal) attributable to:			
Discouraged workers.....	-41, 000	-79, 000	-120, 000
Not in the labor force, want job (other than discouraged workers).....	-42, 000	+23, 000	-19, 000
Net impact.....	-83, 000	-56, 000	-139, 000
		Number	Percent
Labor force reduction (from participation rate change).....		-436, 000	
Involuntary.....		-139, 000	(31. 9)
Voluntary.....		-297, 000	(68. 1)

Population change, in itself, will change the work force size in line with applicable participation rates. Should the factors be operating in different directions—that is, one increasing, the other decreasing—the net change could be minimal or even zero.

If both forces are operating simultaneously in the same direction, the effect on labor force size may be substantial. With particular reference to older workers, their numbers have been slightly increased by population change, whereas participation rate change almost (but not completely) proved an offsetting factor. By sex, all the gain was by females—exceeding the participation rate drop on the part of older men.

Going one step further, the labor force decline attributable to participation rate change (controlling for population) can be further subdivided to measure involuntary causes. The residual or remaining unaccounted-for portion is then interpreted as voluntary withdrawal.

About 140,000 older persons have left the labor force involuntarily during the period under examination. Nearly 300,000 left voluntarily, or at least provided CPS enumerators with no responses indicating work attachment. In part, however, a response of this nature could reflect total inability to find a job rather than a firm desire to fully retire. Thus, the estimate is a conservative one.

A total increase in discouragement of 213,000 older workers occurred, which represents almost half the participation-related withdrawal. This was offset in part, however, by a drop in the number of persons (other than discouraged) in the not-in-the-labor-force, want-a-job-now category.

It could be argued that this latter reduction is, in itself, a form of involuntary withdrawal when considering older workers, although not so for younger ones. That interpretation would, of course, increase the number, proportion, and rate of involuntary withdrawal. In not adjusting the data in table 10 to reflect the latter interpretation, the figures presented there can be regarded as a conservative or minimal estimate of the problem.

In the final analysis, an unequivocal conclusion of serious and ongoing economic dislocation is reached. Older workers are playing the game of musical chairs for a share of the Nation's jobs with one leg shackled by weights.

Unless this burden is removed—either by sharply increased aggregate economic activity, specific job creation programs for older workers, or some combination of both—the trends described above are likely to continue.

In a sluggish, high-unemployment profile, the economic system can obtain a sufficient labor force from its younger components. Given the effects of age-ism, exacerbated by the job shortages of insufficient economic growth, many older persons may face the specter of hardship and deprivation in their later years.

RECOMMENDATIONS

It is clear on the basis of data presented above that older workers are facing a crisis period. Our economy, insofar as it is operating below capacity, has and is continuing to exclude growing numbers of mature Americans from the world of work. Amid a shrinking opportunity for all persons to participate in the labor force, the elderly are being pushed out into enforced idleness.

The following steps are needed to mitigate—or minimize—the dislocations that are now largely unchecked and to provide an important first step in developing a comprehensive national policy to maximize job opportunities for middle-aged and older workers:

- The Congress should provide full funding to strengthen enforcement activities under the Age Discrimination in Employment Act.
- The 65-year limitation for application of the Age Discrimination in Employment Act should be removed.¹¹
- Legislation to extend the title VI emergency public service jobs program under the Comprehensive Employment and Training Act should be enacted promptly.¹² This measure should require prime sponsors to give special consideration to alternative working arrangements—including flexible hours, shared time, and part-time jobs—for older Americans.¹³
- Annualized funding for the title IX older American community service employment program should be increased from \$55.9 million to at least \$90.6 million.
- The Humphrey-Hawkins Full Employment and Balanced Growth Act should be strengthened to assure that the special needs of middle-aged and older workers are appropriately considered.
- The Department of Labor should initiate affirmative actions to assure that persons 45 or older are more appropriately represented under title I (manpower services) and title II (public service employment for areas with 6.5 percent unemployment for at least 3 consecutive months) of the Comprehensive Employment and Training Act.
- The administration should take the lead in educating the American public, private industry, and governmental agencies about the many advantages of hiring middle-aged and older workers.
- A special commission should be established to improve and refine data gathering efforts about unemployment among middle-aged and older workers.¹⁴

¹¹ Senator Fong has introduced S. 871, which would amend the Age Discrimination in Employment Act to remove the 65-year age limitation. Similar House bills (e.g., H.R. 2588) have also been introduced.

¹² On Apr. 30, 1976, the House of Representatives passed H.R. 12987, which would continue the title VI emergency public service jobs program under CETA through Sept. 30, 1976. The Senate Labor and Public Welfare Committee reported out this legislation on May 14. The Senate proposal would extend title VI through fiscal 1977.

¹³ The Senate Labor and Public Welfare Committee included this provision in H.R. 12987.

¹⁴ Specific recommendations as to legislation or full implementation of existing programs were developed in consultation with David Affeldt, chief counsel, U.S. Senate Special Committee on Aging.

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